

1974

CLEAN WATER BOND LAW OF 1974

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CLEAN WATER BOND ACT

Ballot Title

FOR THE CLEAN WATER BOND LAW OF 1974.

This act provides for a bond issue of two hundred fifty million dollars (\$250,000,000) to provide funds for water pollution control.

AGAINST THE CLEAN WATER BOND LAW OF 1974.

This act provides for a bond issue of two hundred fifty million dollars (\$250,000,000) to provide funds for water pollution control.

Analysis by Legislative Counsel

Effect:

This act, the Clean Water Bond Law of 1974, would authorize the issuance and sale of state bonds in the total amount of \$250,000,000 under the State General Obligation Bond Law.

Bond proceeds would be used (1) for state grants to local agencies of at least 12½ percent of the cost of local sewage, liquid waste, and water treatment and reclamation facilities financed pursuant to the Federal Water Pollution Control Act, and for state grants for water reclamation projects; (2) for planning, research, and development; and (3) for loans to public agencies for facilities for the collection, treatment, or export of waste when necessary to prevent water pollution or for facilities to reclaim waste waters and to convey reclaimed water.

Provision is made for the administration of the bond act program by the State Water Resources Control Board.

Fiscal Impact:

The Legislative Analyst and the Department of Finance advise that the measure would have a fiscal impact on both state and local government.

The principal and interest on the state bonds authorized by the measure would be general obligations of the state payable from the General Fund, and thus would be repaid principally from the tax revenues of the state. General fund costs will be increased by \$250,000,000 for the principal on these bonds, plus about \$131,000,000 in interest charges

over the expected 20-year repayment schedule. Local capital costs for facilities receiving state financial assistance will be reduced by an amount nearly equivalent to the increase in state costs.

With respect to projects financed pursuant to the Federal Water Pollution Control Act, under current federal law, grants are made to local agencies to pay 75 percent of the required facilities. The local agencies are responsible for the balance. Funds from this state's Clean Water Bond Law of 1970 have been used to assist local agencies in meeting their share of the cost by state grants amounting to one-half of the local agencies' share, or 12½ percent of the construction cost. The last of the 1970 bond funds will be committed in 1975. This act would provide funds that could be used to continue state participation in the program.

You should vote FOR the Clean Water Bond Law of 1974 if you want to authorize the issuance and sale of general obligation bonds of the state in the total amount of \$250,000,000 to provide aid to public agencies for sewage, liquid waste, and water treatment and reclamation facilities, for water reclamation projects, and for planning, research, and development.

You should vote AGAINST the Clean Water Bond Law of 1974 if you do not want to authorize the issuance and sale of these state bonds.

Text of Proposed Law

This law proposed by Assembly Bill 161 (Statutes of 1973, Chapter 994), is submitted to the people in accordance with the provisions of Article XVI of the constitution.

(This proposed law does not expressly amend any existing law; therefore, the provisions thereof are printed in **BOLDFACE TYPE** to indicate that they are **NEW**.)

PROPOSED LAW

SECTION 1. Chapter 14 (commencing with Section 13985) is added to Division 7 of the Water Code, to read:

CHAPTER 14. CLEAN WATER BOND LAW OF 1974

Article 1. Short Title, Legislative Declarations, and General Definitions

13985. This chapter may be cited as the Clean Water Bond Law of 1974.

13986. The Legislature hereby finds and declares that clean water, which fosters the health of the people, the beauty of their environment, the expansion of industry and agriculture, the enhancement of fish and wildlife, the improvement of recreational facilities and the provision of pure drinking water at a reasonable cost, is an essential public need. Although the State of California is endowed with abundant lakes and ponds, streams and rivers, and hundreds of miles of shoreline, as well as large quantities of underground water, these vast water resources are threatened by pollution, which, if not checked, will impede the state's economic, community and social growth. The chief cause of pollution is the discharge of inadequately treated waste into the waters of the state. Many public agencies have not met the demands for adequate waste treatment or the control of water pollution because of inadequate financial resources and other responsibilities. Increasing population accompanied by accelerating urbanization, growing demands for water of high quality, rising costs of construction and technological changes mean that unless the state acts now the needs may soar beyond the means available for public finance. Meeting these needs is a proper purpose of the federal, state and local governments. Local agencies, by reason of their closeness to the problem, should continue to have primary responsibility for construction, operation and maintenance of the facilities necessary to cleanse our waters. Since water pollution knows no political boundaries and since the cost of eliminating the existing backlog of needed facilities and of providing additional facilities for future needs will be beyond the ability of local agencies to pay, the state, to meet its responsibility to protect and promote the health, safety and welfare of the inhabitants of the state, should assist in the financing. The federal government is contributing to the cost of control of water pollution, and just provision should be made to cooperate with the United States of America. It is the intent of this chapter to provide necessary funds to insure the full participation by the state under the provisions of Title 11 of the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) and acts amendatory thereof or supplementary thereto.

13987. The State General Obligation Bond Law is adopted for the purpose of the issuance, sale, and repayment of, and otherwise providing with respect to, the bonds authorized to be issued by this chapter, and the provisions of that law are included in this chapter as though set out in full in this chapter except that notwithstanding anything in the State General Obligation Bond Law, the bonds authorized hereunder shall bear such rates of interest, or maximum rates, as may from time to time be fixed by the State Treasurer, with the approval of the committee, and the maximum maturity of the bonds shall not exceed 50 years from the date of the bonds, or from the date of each respective series. The maturity of each respective series shall be calculated from the date of such series.

13988. As used in this chapter, and for the purposes of this chapter as used in the State General Obligation Bond Law, the following words shall have the following meanings:

(a) "Committee" means the Clean Water Finance Committee, created by Section 13989.

(b) "Board" means the State Water Resources Control Board.

(c) "Fund" means the State Clean Water Fund.

(d) "Municipality" shall have the same meaning as in the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) and acts amendatory thereof or supplementary thereto and shall also include the state or any agency or department thereof.

(e) "Treatment works" shall have the same meaning as in the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) and acts amendatory thereof or supplementary thereto.

(f) "Construction" shall have the same meaning as in the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) and acts amendatory thereof or supplementary thereto.

(g) "Eligible project" means a project for the construction of treatment works which is all of the following:

(1) Eligible for federal assistance, whether or not federal funds are then available therefor;

(2) Necessary to prevent water pollution;

(3) Certified by the board as entitled to priority over other treatment works, and which complies with applicable water quality standards, policies and plans.

(h) "Federal assistance" means funds available to a municipality either directly or through allocation by the state, from the federal government as grants for construction of treatment works, pursuant to Title II of the Federal Water Pollution Control Act, and acts amendatory thereof.

13989. The Clean Water Finance Committee is hereby created. The committee shall consist of the Governor or his designated representative, the State Controller, the State Treasurer, the Director of Finance, and the chairman of the board. The executive officer of the board shall serve as a member of the committee in the absence of the chairman. Said committee shall be the "committee" as that term is used in the State General Obligation Bond Law.

13990. The committee is hereby authorized and empowered to create a debt or debts, liability or liabilities, of the State of California, in the aggregate amount of two hundred fifty million dollars (\$250,000,000), in the manner provided in this chapter. Such debt or debts, liability or liabilities, shall be created for the purpose of providing the fund to be used for the object and work specified in Section 13991.

13991. (a) The moneys in the fund shall be used for the purposes set forth in this section.

(b) The board is authorized to enter into contracts with municipalities having authority to construct, operate and maintain treatment works, for grants to such municipalities to aid in the construction of eligible projects, and for reclamation of water.

Grants may be made pursuant to this section to reimburse municipalities for construction for which contracts were let subsequent to July 1, 1970, and before the first sale of bonds authorized to be issued by this chapter.

Any contract pursuant to this section may include such provisions as may be agreed upon by the parties thereto, and any such contract concerning an eligible project shall include, in substance, the following provisions:

(1) An estimate of the reasonable cost of the eligible project;

(2) An agreement by the board to pay to the municipality, during the progress of construction or following completion of construction as may be agreed upon by the parties, an amount which equals at least 12 1/2 percent of the eligible project cost determined pursuant to federal and state laws, and regulations;

(3) An agreement by the municipality, (i) to proceed expeditiously with, and complete, the eligible project, (ii) to commence operation of the treatment works on completion thereof, and to properly operate and maintain such works in accordance with applicable provisions of law, (iii) to apply for and make reasonable efforts to secure federal assistance for the eligible project, (iv) to secure the approval of the board before applying for federal assistance in order to maximize the amounts of such assistance received or to be received for all eligible projects in the state, and (v) to provide for payment of the municipality's share of the cost of the eligible project.

(c) The board may make direct grants to any municipality or by contract or otherwise undertake plans, surveys, research, development and studies necessary, convenient or desirable to the effectuation of the purposes and powers of the board pursuant to this division and to prepare recommendations with regard thereto, including the preparation of comprehensive statewide or areawide studies and reports on the collection, treatment and disposal of waste under a comprehensive cooperative plan.

The aggregate amount of moneys which may be advanced or granted to or committed to municipalities for the purpose of planning, research and development, whether by the board or under the direction of the board or in the form of direct grants to municipalities for such purpose, shall not exceed in the aggregate such amount as may be fixed from time to time by the committee.

(d) The board may from time to time with the approval of the committee transfer moneys in the fund to the State Water Quality Control Fund to be available for loans to public agencies pursuant to Chapter 6 (commencing with Section 13400) of this division.

(e) Not more than one-half of one percent of the moneys deposited in the fund may be expended by the board for costs incurred in administering the provisions of this chapter.

(f) As much of the moneys in the fund as is necessary shall be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code.

(g) The board may adopt rules and regulations governing the making and enforcing of contracts pursuant to this section.

13992. All bonds herein authorized, which shall have been duly sold and delivered as herein provided, shall constitute valid and legally binding general obligations of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal and interest thereon.

There shall be collected annually in the same manner and at the same time as other state revenue is collected such a sum, in addition to the ordinary revenues of the state, as shall be required to pay the principal and interest on said bonds as herein provided, and it is hereby made the duty of all officers charged by law with any duty in regard to the collection of said revenue, to do and perform each and every act which shall be necessary to collect said additional sum.

All money deposited in the fund which has been derived from premium and accrued interest on bonds sold shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

13993. All money deposited in the fund pursuant to any provision of law requiring repayments to the state for assistance financed by the proceeds of the bonds authorized by this chapter shall be available for transfer to the General Fund. When transferred to the General Fund such money shall be applied as

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Argument in Favor of Proposition 2

Cleaning up California's polluted bays, rivers and other waterways really began in 1970 with voter approval of a \$250 million bond issue to construct public wastewater treatment facilities. That money has been used effectively throughout California to reduce water pollution, but it will run out later this year.

This second \$250 million bond issue is needed to help finish the fight against water pollution. This state money, plus an equal local government share, will bring to California federal grants of \$1.5 billion.

The massive facilities needed to reduce sewerage pollution of California waterways are expensive. Without this state bond issue and substantial federal help, a crushing tax burden could fall upon local government—and that means on local property taxpayers!

Economically, recreationally and visually, our state's waterways are vital to the lives of all Californians. A vote for this bond issue is certain to better the quality of life for all of us. Business, labor and conservationist leaders agree that a "yes" vote for this bond issue will mean many jobs and an improved environment.

A partial listing of those supporting this proposition follows: Governor Ronald Reagan, the California State Legislature, County Supervisors Association of California, League of California Cities, California Chamber of Commerce, California Labor Federation AFL-CIO, California Manufacturers Association, California Council for Environmental and Economic Balance, California State Employees Association, California League of Conservation Voters, Sierra Club, Planning and Conservation League, League of Women Voters of California, Republican State Central Committee, Democratic State Central Committee, State Building and Construction Trades Council of California, California Municipal Utilities Association, Association of California Water Agencies, California Association of Sanitation Agencies, California Wildlife Federation, California Teamsters Legislative Council.

LEO T. McCARTHY
Assemblyman, 19th District
KEN MacDONALD
Assemblyman, 37th District
KENNETH MADDY
Assemblyman, 32nd District

No rebuttal to the argument in favor of Proposition 2 was submitted

Study the Issues and Candidates Carefully

Argument Against Proposition 2

Vote **NO** on Proposition 2, which likely raises your RENT and PROPERTY TAXES. RENTERS pay in INCREASED RENTS when property taxes go up!

Water reclamation is a good idea, but why should property owners and renters pay for it? TAXES are so HIGH now, many people are losing their homes or renting in meager means. This is not in the PEOPLE'S INTEREST!!!

Vote **NO** on Proposition 2, until a better way can be found for you!

BARBARA P. HUTCHINSON, *Association of Concerned Taxpayers, Inc., San Diego*

JUANITA COLE, *Association of Concerned Taxpayers, Inc., San Diego*

HENRY CANCINO, *Association of Concerned Taxpayers, Inc., San Diego*

Rebuttal to Argument Against Proposition 2

The Clean Water Bond Act, Proposition 2, will **not** raise property taxes—to the contrary, it will protect homeowners (and renters) from large property tax increases. We need to upgrade sewage treatment to protect our streams, lakes and beaches, and it is required by federal and state law that we do so.

The issue then is how best to pay for these new facilities. Proposition 2 will add a 12½ percent state contribution to the 75 percent federal grants given to local sanitation agencies. If the bonds fail, local costs will double to 25 percent—and this means increased sewer fees or property taxes. The actual cost of this bond issue is less than one dollar per year, per person.

While some of the money will be spent to reclaim wastewater, as noted by the opponents, the purpose of these bonds is to clean up our waters. We have a good record in California—already 30 percent of our population is served by treatment plants that meet minimum state and federal standards. With the construction of facilities financed by these bonds, this percentage will exceed 90 percent. Let's finish the job by voting YES on Proposition 2.

LEO T. McCARTHY
Assemblyman, 19th District

KEN MacDONALD,
Assemblyman, 37th District

KENNETH MADDY,
Assemblyman, 32nd District

Apply for Your Absentee Ballot Early

5096.92. Projects authorized for the purposes set forth in subdivisions (b), (c), and (e) of Section 5096.85 shall be subject to augmentation as provided in Section 16352 of the Government Code. The unexpended balance in any appropriation heretofore or hereafter made payable from the State Beach, Park, Recreational, and Historical Facilities Fund of 1974 which the Director of Finance, with the approval of the State Public Works Board, determines not to be required for expenditure pursuant to the appropriation may be transferred on order of the Director of Finance to and in augmentation of the appropriation made in Section 16352 of the Government Code.

5096.93. The Director of Parks and Recreation may make agreements with respect to any land acquired pursuant to subdivision (e) of Section 5096.85 of this chapter for continued tenancy of the seller of the property for a period of time and under such conditions as mutually agreed upon by the state and the seller so long as the seller promises to pay such taxes on his interest in property as shall become due, owing or unpaid on the interest created by such agreement and so long as the seller conducts his operations on the land according to specifications issued by the Director of Parks and Recreation to protect the property for the public use for which it was acquired. A copy of such agreement shall be filed with the county clerk in the county in which the property lies. Such arrangement shall be compatible with the operation of the area by the state, as determined by the Director of Parks and Recreation.

5096.94. Notwithstanding any other provisions of law, for the purposes of this chapter acquisition may include gifts, purchases, leases, easements, eminent domain, the transfer of property for other property of like value, purchases of development rights, and other interests unless the Legislature shall hereafter otherwise provide. Acquisition for the state park system by purchase or by eminent domain shall be under the Property Acquisition Law (commencing with Section 15850 of the Government Code), notwithstanding any other provisions of law.

5096.95. All grants, gifts, devises or bequests to the state, conditional or unconditional, for park, conservation, recreation or other purposes for which land may be acquired and developed pursuant to this chapter, may be accepted and received on behalf of the state by the appropriate department head with the approval of the Director of Finance. Such grants shall be available, when appropriated by the Legislature, for expenditure for the purposes provided for in Section 5096.85 of this chapter.

5096.96. There shall be an agreement or contract between the Department of Parks and Recreation and the applicant in the case of a state grant project which shall contain therein the provisions that the property so acquired shall

be used by the grantee only for the purpose for which the state grant funds were requested and that no other use of the area shall be permitted except by specific act of the Legislature.

5096.97. Lands acquired by the state shall consist predominantly of open or natural lands, including lands under water capable of being utilized for multiple recreation purposes, and lands necessary for historic preservation. No funds derived from the bonds authorized by this section shall be expended for the construction of any reservoir designated as a part of the "State Water Facilities," as defined in subdivision (d) of Section 12934 of the Water Code, but such funds may be expended for the acquisition and development of beaches, parks, recreational facilities and historical monuments at or in the vicinity of any such reservoir.

5096.98. (a) The appropriation made by Item 379(c) of the Budget Act of 1973 for the acquisition of Century Ranch for the state park system is hereby validated and confirmed; provided, that before any funds are expended for such acquisition, the Century Ranch project shall be recommended by the State Park and Recreation Commission and reviewed by the Secretary of the Resources Agency.

(b) Moneys deposited in the State Beach, Park, Recreational, and Historical Facilities Fund of 1974 shall be used to reimburse the General Fund for any expenditure of moneys for the acquisition of Century Ranch for the state park system made pursuant to the enactment of Senate Bill No. 1194 of the 1973-74 Regular Session of the Legislature; provided, that the Century Ranch project shall have been recommended by the State Park and Recreation Commission and reviewed by the Secretary of the Resources Agency prior to such General Fund expenditure.

5096.99. Moneys deposited in the State Beach, Park, Recreational, and Historical Facilities Fund of 1974 shall be used to reimburse the General Fund for any expenditure of moneys for the acquisition of lands located between Newport Beach and Laguna Beach for the state park system made pursuant to the enactment of Senate Bill No. 1089 of the 1973-74 Regular Session of the Legislature; provided, that such project shall have been recommended by the State Park and Recreation Commission and reviewed by the Secretary of the Resources Agency prior to such General Fund expenditure.

5096.100. The appropriation from the State Beach, Park, Recreational, and Historical Facilities Fund of 1974 made by Section 9.3 of Assembly Bill No. 1944 of the 1973-74 Regular Session shall not be subject to the provisions of Section 5096.79 relating to inclusion of proposed appropriations in a section in the Budget Bill and Budget Act.

TEXT OF PROPOSITION 2— continued from page 9

a reimbursement to the General Fund on account of principal and interest on the bonds which has been paid from the General Fund.

13994. There is hereby appropriated from the General Fund in the State Treasury for the purpose of this chapter such an amount as will equal the following:

(a) Such sum annually as will be necessary to pay the principal of and the interest on the bonds issued and sold pursuant to the provisions of this chapter, as said principal and interest become due and payable.

(b) Such sum as is necessary to carry out the provisions of Section 13995, which sum is appropriated without regard to fiscal years.

13995. For the purpose of carrying out the provisions of this chapter, the Director of Finance may by executive order authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which the committee has by resolution authorized to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the fund and shall be disbursed by the board in accordance with this chapter. Any moneys made available under this section to the board shall

be returned by the board to the General Fund from moneys received from the sale of bonds sold for the purpose of carrying out this chapter.

13996. Upon request of the board, supported by a statement of the proposed arrangements to be made pursuant to Section 13991 for the purposes therein stated, the committee shall determine whether or not it is necessary or desirable to issue any bonds authorized under this chapter in order to make such arrangements, and, if so, the amount of bonds then to be issued and sold. Successive issues of bonds may be authorized and sold to make such arrangements progressively, and it shall not be necessary that all of the bonds herein authorized to be issued shall be sold at any one time.

13997. The committee may authorize the State Treasurer to sell all or any part of the bonds herein authorized at such time or times as may be fixed by the State Treasurer.

13998. All proceeds from the sale of bonds, except those derived from premiums and accrued interest, shall be available for the purpose provided in Section 13991 but shall not be available for transfer to the General Fund to pay principal and interest on bonds. The money in the fund may be expended only as herein provided.

TEXT OF PROPOSITION 5— continued from page 21

pledged or used for the payment of principal and interest on voter-approved bonds issued for the purposes specified in subdivision (b) of Section 1.

SEC. 5. The Legislature may authorize up to 25 percent of the revenues available for expenditure by any city or county, or by the state, for the purposes specified in subdivision (a) of Section 1 of this article to be pledged or used for the payment of principal and interest on voter-approved bonds issued for such purposes.

SEC. 6. This article shall not prevent the designated tax revenues from being temporarily loaned to the State General Fund upon condition that amounts loaned be repaid to the funds from which they were borrowed.

SEC. 7. This article shall not affect or apply to fees or taxes imposed pursuant to the Sales and Use Tax Law or the Vehicle License Fee Law, and all amendments and additions now or hereafter made to such statutes.